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Economic Research Service

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A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

ERS TO MOVE TO NEW YORK AVENUE

ERS will be moving to its new headquarters at 1301 New York Avenue, NW, Washington, DC, in a phased move scheduled to begin this summer. ERS will be the sole occupant of the new, 12-story building, which is being prepared for occupancy to suit ERS's needs.

The lease on the GHI Building, which has been ERS's headquarters since 1970, has expired. ERS's mailing address and telephone numbers will change, with details to follow in a later **Newsletter**.



BLOCK RECOMMENDS THOMPSON FOR ASSISTANT SECRETARY FOR ECONOMICS



Secretary of Agriculture John Block has recommended Robert Thompson, left, for Assistant Secretary for Economics, and has initiated the nomination process by forwarding Thompson's name to the White House for consideration.

Thompson is Senior Staff Economist for Food and Agricultural Policy at the Council of Economic Advisers while on leave from Purdue University where he is Professor of Agricultural Economics. At Purdue, his principal areas of work have been agricultural trade policy, U.S. agricultural policy, and world agricultural development.

Raised on an upstate New York dairy farm, Thompson received a B.S. from Cornell University. During his junior

year at Cornell, he studied in Denmark under the auspices of the Scandinavian Seminar program. His graduate work was done at Purdue, where he received M.S. and Ph.D. degrees.

From 1968 to 1970, Thompson worked with the agricultural extension and research services in Laos with International Voluntary Services, Inc. In 1972 and 1973, he served as Visiting Professor at the Federal University of Vicosa in Brazil. During 1979-80, he was a Visiting Professor in ERS's International Economics Division. In the summer of 1983, he was a Research Scholar at the International Institute for Applied Systems Analysis in Austria.

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Thompson, continued.

Thompson has authored numerous journal articles in English and Portuguese. He has served as a consultant to the Food and Agriculture Organization of the United Nations, the International Center for Corn and Wheat Research, the Agency for International Development, the Ford Foundation, the Inter-American Development Bank, the Brazilian Production Financing Commission, Agriculture Canada, Deere and Company, and the Southern Regional Council. He has traveled extensively in North and South America, Europe, Asia, and Africa on his research and consulting projects and to speak at conferences.

Thompson is a member of the American Agricultural Economics Association, the American Economic Association, the International Association of Agricultural Economists, Sigma Xi, and Gamma Sigma Delta (national agricultural honorary society). His honors include the 1982 Purdue Agricultural Research Award, the American Agricultural Economics Association award for quality of communication, and a National Science Foundation Traineeship. Also, several graduate theses that he supervised received national awards.

Thompson would replace William Leshner who resigned and is now a partner in Lyng and Leshner Inc., a Washington, DC, based consulting firm.

FINANCIAL SITUATION OF THE FARM SECTOR

The financial condition of the farm sector is receiving a great deal of national attention. To put the emotional issue into economic perspective, ERS recently examined the sources of farm financial problems and the financial status of farmers and lenders.

Over one-fourth of the 679,000 family-size, commercial farms with annual sales of \$50,000 to \$500,000 face some degree of financial difficulty. By this

summer, almost half of the farm debt could be owed by family-size, commercial farms that have some financial problems. Almost 43,000 of those farms will be insolvent.

Agricultural banks have their problems also. Those with financial difficulties have nearly tripled--from 96 to 288--over the past 18 months. Delinquent FmHA debt now stands at over \$5 billion, a fivefold increase from 4 years ago.

More details are in **The Current Financial Condition of Farmers and Farm Lenders** (AIB-490), coordinated by David Harrington and Jerome Stam. Free copies of that report can be obtained from the Information Division, Economics Management Staff, Room 0054-S, Washington, DC 20250-3500 (202-447-7255).

FREE FREE FREE

NOTICE TO ERS COLLEAGUES

To receive your own copy of this free **Newsletter** or to change your address, send your name, institutional affiliation, and address to ERS **Newsletter**, ERS/USDA, Room 450-GHI, Washington, DC 20250-1800, or call 202-447-8710.

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ADMINISTRATORS'S LETTER

Photo by Marshall Cohen



Several times during the past year I have used this space in the **Newsletter** to discuss our "search for excellence" in ERS. I believe that an organization with our resources--both people and money--has a tremendous opportunity to do excellent work. And, as a public agency, funded by tax dollars, we have a responsibility to be excellent. We often succeed--and I want to recognize that success in this column.

In 1984, as in every year, some ERS employees made special contributions to the Agency's work. At the Sixth Annual ERS Administrator's Awards Ceremony on February 12, we honored some of those who excelled during that year.

The Administrator's Awards recognize individuals and groups whose work has been of unusually high quality. The awards highlight sustained exceptional performance rather than focusing on any single product. Nominations can be made by anyone, and selections are made by the Administrator's Awards Committee. I chair the committee, and the other members are the Associate Administrator and the Division Directors. No money is tied directly to the Administrator's Awards, but they generally go to those who have received monetary awards during the year.

A list of all the awardees for this year appears on Page 7. I am very proud of them and the work they have done in ERS.

For the first time, several ERS Excellence Awards were presented this year. Unlike the Administrator's Awards, the Excellence Awards are given for one particular product or group of products. Not only do these awards recognize those who produce exceptional products, but they also demonstrate standards of quality that serve as a challenge to others. This new award program was created because of concern that clear signals were not being given about how ERS management judges quality. Selection of the Excellence Awards winners are made by a committee composed of myself, the Associate Administrator, the Deputy Administrator, and the Deputy Associate Administrator (who was excluded from discussion of this year's Staff Work Award because he was a nominee for that award). The Division Directors made the nominations and the Professional Society Awards Committee ranked the nominations prior to their being submitted to the Selection Committee.

This year's awards went to **Terry Townsend** for his innovative and thoroughly analytical work on the **Cotton and Wool Outlook and Situation** report, and to **Patrick O'Brien** for several special analyses that were exceptional in their breadth and complexity. Since these awards are given for the very best work done in ERS during the year--and will be given for the best work only if it is really extraordinary--they carry with them a cash bonus of \$3,500 per person for individual awards and \$5,000 for group awards. Although we can also give these awards for research--and there were a number of fine research nominations--none appeared to meet the criterion of "really extraordinary." I understand, however, that there are several promising projects underway this year, so I hope we will also be making these awards for research next year.

I am pleased to be able to honor so much very fine work through both of these awards programs. It is important that we recognize excellence when we find it, and we found a lot of it this year.

John Lee

Current Research

ERS-EGYPTIAN PROJECT

ERS is participating in a major project aimed at improving the collection and analysis of agricultural data in Egypt. The \$5 million project, funded by the Agency for International Development (AID), began in 1981 and is scheduled to continue until mid-1986.

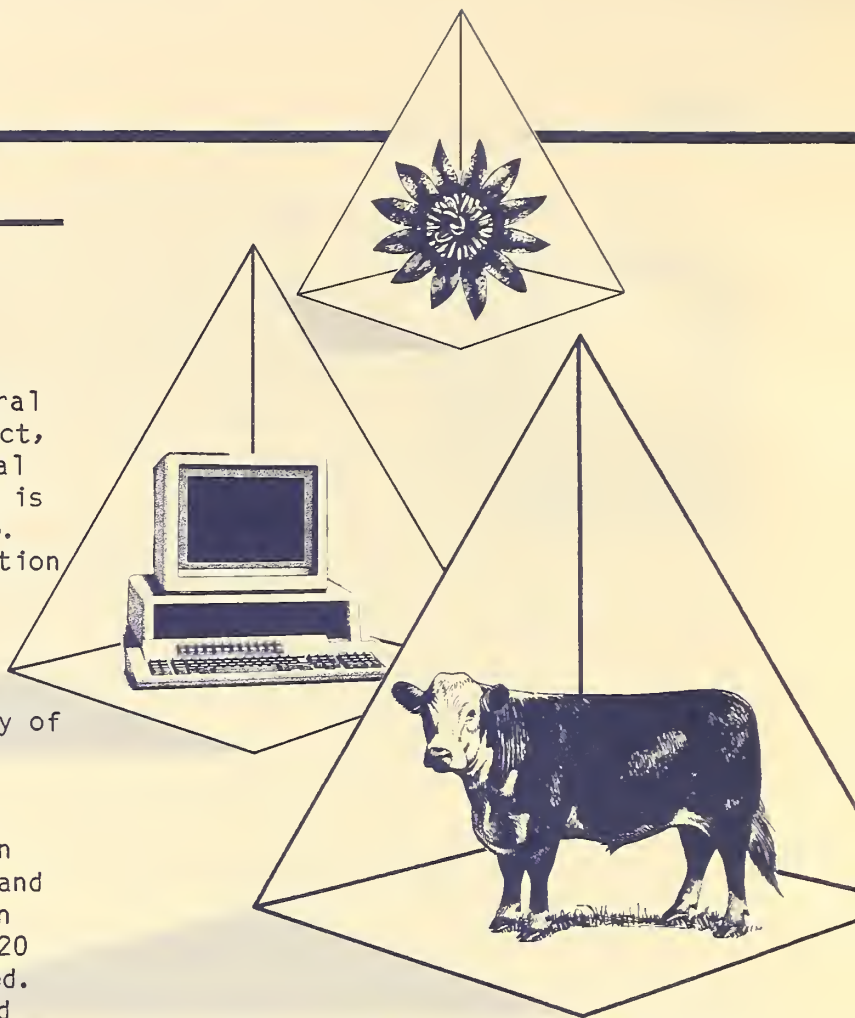
ERS efforts complement data collection activities by USDA's Statistical Reporting Service (SRS). SRS statisticians and ERS economists frequently work together with their counterparts in the Egyptian Ministry of Agriculture.

The major ERS activities are as follows:

- **Staff analysis:** This focuses on creating the capacity for situation and outlook reporting within the Egyptian Ministry of Agriculture. More than 20 commodity reports have been completed. ERS economists Cheryl Christensen and Patrick O'Brien have worked with Egyptian officials to establish this activity, and several ERS branches have contributed to the training of Egyptians in Washington, DC.

- **Costs of Production:** Such data as were collected by the Ministry of Agriculture have frequently been subjective. Together with SRS, ERS economists worked with Egyptian counterparts to design questionnaires and sampling frames for a new cost-of-production data system. Work has been completed for winter and summer crops in two governorates (the equivalent of U.S. States), and is being extended to the country as a whole. ERS economist Ronald Krenz had a major role in designing and summarizing the questionnaires.

- **Economics of Livestock Feedlots:** Egypt currently cannot meet its demand for meat at its administered retail price, and market interventions by the Egyptian Government make it difficult to determine the advisability of importing meat versus investing in local fattening



activities. ERS economists Kelley White and Shahla Shapouri have worked with Egyptian counterparts to survey and analyze existing feedlot operations. A report presenting their results and policy implications has been the basis for a seminar with Egyptian officials and scholars.

- **Horticultural Marketing:** Egypt's limited land base has made Egyptian officials interested in prospects for increasing production (and exports) of high-value horticultural crops. Relatively little was known, however, about the internal marketing structure or costs. ERS economists Gene Mathia and Cheryl Christensen have worked with Egyptian counterparts to design a national marketing channels survey, and to create price indices at farm gate, wholesale, and retail levels throughout the country. Data collection is underway that will form the basis for establishing a marketing news system for horticultural products in conjunction with USDA's Agricultural Marketing Service.

● **Farm Income:** Egyptian agriculture has undergone many changes, especially as workers have migrated from rural areas to oil-rich countries. Many Egyptian policies have clear income objectives. Yet there were no reliable data on farm income or on household income sources divided between farm and nonfarm. ERS economists Jerry Sharples, James Johnson, Kenneth Baum, Mary Ahearn, and Annette Clauson are working with Egyptian researchers to collect and analyze farm income data, and to assess the implications of alternative agricultural policies for farm income levels and distribution. The pilot activity is complete for two governorates and is being extended to two more. Data management and model development activities are underway.

● **Farm Labor:** Rapidly rising agricultural wage rates, associated with the departure of workers from rural areas, has prompted Egyptian interest in a system for collecting farm labor statistics, and for incorporating them more effectively into the Ministry's agricultural planning. ERS economist Robert Coltrane is working with Egyptian counterparts to develop a data collection system and to analyze critical agricultural issues.

● **Computer Processing:** The large volume of data collected in Egypt has increased the pressure for additional computer equipment. ERS computer specialist Charles Little has worked with AID and SRS on equipment procurement and personnel training.

ERS FUNDS 15 UNIVERSITY STUDIES ON GLOBAL MACROECONOMY

ERS has recently solicited proposals for ERS-university cooperative agreements from researchers in international economics to work in the general areas of macroeconomic linkages and the political economy of trade as it affects agriculture. Of 130 proposals received, 15 were selected. ERS's share of the funds for the 15 is \$378,000.

The agreements are in the areas of:

- Macroeconomic linkages to agriculture and trade.
- Political economy of agricultural trade.
- Political economy of economic development.

ERS-ARS COOPERATION

ERS and USDA'S Agricultural Research Service (ARS) have a mutual interest in the exchange of information and expertise. As a consequence, ERS Administrator John Lee and ARS Administrator Terry Kinney designated a liaison person to examine and facilitate interaction between the two agencies. ARS economist Ira Branson was chosen to be the liaison person, and has been working in ERS since April 1984.

The objectives of the cooperative effort are as follows:

- to facilitate the exchange of scientific information,
- to assess ARS needs for economic information and expertise,
- to develop a concept paper on ERS and ARS collaboration in tracking technological changes and analyzing their potential effects on U.S. agriculture, and
- to develop a process for determining mutual priorities.

PROFILE OF THE FARM SECTOR

ERS is initiating a project to develop a comprehensive profile of the farm sector. The project will consolidate and analyze the latest information on the organization and well-being of the farm sector and the major size groups and types of farms within it.

A basic purpose is to illuminate the increasing diversity of the farm sector from new data available from the 1982 Census of Agriculture and other sources. Emphasis will be on the wide variation in farm and off-farm income and wealth positions of farm operators by type of farm, region, farm size, and other variables.

FAPSIM AND USMP REVISED AND EXPANDED

ERS's Food and Agricultural Policy Simulator (FAPSIM) and U.S. Mathematical Programming (USMP) models are being readied for the upcoming farm bill policy analysis process. USMP has been reformulated to include the traditional commodity program instruments. Additionally, USMP output sports a new look, thanks to 12 revised and 7 new reports added to the system by ERS operations research analyst Paul Faeth. FAPSIM, which already includes traditional commodity program instruments, is being revised to permit easier simulation of historical events and policies.

EC DAIRY SECTOR UNDER SCRUTINY

European Community (EC) dairy policy changes have prompted a study by ERS to analyze potential effects, including implications for the United States. Dairying is the most important agricultural sector in the EC. EC support of dairying accounts for 30 percent of the EC's agricultural budget, and 20 percent of its total budget. Milk production has increased rapidly during the past 2 decades. Because of budget problems in recent years, the EC introduced milk quotas in 1984 to help control its dairy surpluses and program costs.

Staff Notes

HANSON TO HEAD ECONOMIC INDICATORS RESEARCH AND INCOME FORECASTS SECTION



Gregory Hanson is the new Leader, Economic Indicators Research and Income Forecasts Section, Economic Indicators Branch, National Economics Division. He has a B.A. from Dartmouth

College, and an M.S. and Ph.D. from the University of Minnesota.

Hanson has worked for Cargill, Inc., and has taught farm management, production economics, and agricultural finance while on the faculty at Auburn University. He has authored several journal articles. Hanson joined ERS in December 1984. He is a member of the American Agricultural Economics Association, the American Economics Association, the Southern Agricultural Economics Association, the Western Agricultural Economics Association, and the Rural Sociological Society.

O'BRIEN AND TOWNSEND RECEIVE ERS EXCELLENCE AWARDS



O'Brien



Townsend

Patrick O'Brien and Terry Townsend are the first recipients of a new annual award aimed at recognizing excellence in research, situation and outlook reporting, and staff work. Winners of this award receive the Administrator's Special Merit Award **plus** a cash award of \$3,500 for individuals or \$5,000 for group awards.

O'Brien's award was for excellence in the analysis and presentation of information for use by the Secretary of Agriculture.

Townsend's award was for outstanding initiative, innovation, leadership, and accomplishment in creating a thorough, topical, analytical, clear, and highly useful **Cotton and Wool Outlook and Situation** report.

ADMINISTRATOR'S SPECIAL MERIT AWARDS

Outstanding Research

James Blaylock
Michael Duffy
John Dunmore
Frederick Kuchler
Joe Moffitt
Philip Paarlberg
Mathew Shane
David Smallwood
David Stallings

**Outstanding Situation and Outlook
Contribution**

Maurice Landes
Donald Seaborg
Terry Townsend

Program Effectiveness and Improvement

Kathleen Augustine
Byron Berntson
William Duggan
Frederic Hoff
Owen Shugars

Special Achievement

Keith Collins
Ron Durst
Richard Heifner
John Kuehn
Bruce Marion
Patrick O'Brien

Communication

Laura Blanciforti
Kathryn Lipton
Wayne Rasmussen

Management Support

Patricia Beavers
Barbara Brygger
John Jones
Donna McGuinn
Gladys Womersley

**Outstanding Contributions Toward the
Goals of Equal Employment Opportunity**

Joyce Allen
Karen Parham

Special Group Achievement

Consistency Study Group:
Katherine Reichelderfer
Nelson Bills
Ralph Heimlich
Craig Osteen

European Community Group:
Reed Friend
Gene Hasha
Ronald Trostle

National Rural Community Facilities
Study Team:
Norman Reid
Patrick Sullivan
Thomas Stinson
Eleanor Whitehead
MonaCheri Clarke
Suzie Wu
Leon Perkinson

OECD Symposium Team:
Norman Reid
Robert Lovan
Mary Denoble
Kenneth Deavers

**Outstanding Situation and Outlook
Contribution--Group Achievement**

Inputs Outlook and Situation Group:
Paul Andrienas
Herman Delvo
Melanie Gojekian
Michael Hanthorn
Beverly Herath
Cheryl Settle

People's Republic of China Section:
Frederick Crook
Frederic Surls
Francis Tuan
Carolyn Whitton
Sandra Evans
Angela Roberts

ERS **NEWSLETTER**

DABERKOW TO HEAD INPUT, SUPPLY, DEMAND, AND PRICE ANALYSIS SECTION

Stan Daberkow is the new Leader, Input, Supply, Demand, and Price Analysis Section, Inputs and Productivity Branch, Natural Resource Economics Division. He has a B.S. from the University of Nebraska, an M.S. from Iowa State University, and a Ph.D. from the University of California, Davis.



Daberkow has been with ERS since 1967--mostly with the Economic Development Division--working in the area of how public policies affect the welfare of rural people, including survey design, collection and analysis of primary data, regional analysis, and quantification of the interdependencies among the agricultural production, agribusiness, and nonagricultural sectors of rural economies. In 1982, Daberkow was on detail as staff economist and assistant to Assistant Secretary William Leshner and Deputy Assistant Secretary Dawson Ahalt.

CONKLIN TO HEAD FRUITS AND VEGETABLES ECONOMIC OUTLOOK SECTION

Neilson Conklin is the new Leader, Fruits and Vegetables Economic Outlook Section, Fruits, Vegetables, and Sweeteners Branch, National Economics Division. He has a B.A. from Castleton State College (Vermont), an M.S. from the University of Wyoming, and a Ph.D. from the University of Minnesota. Conklin was on the faculty of Colorado State University as Assistant Professor and Extension Marketing Specialist. He joined ERS in December 1984. He has authored numerous research and extension publications in agricultural marketing and price analysis and has taught agricultural marketing, price analysis, econometrics, and agribusiness management. Conklin is a member of AAEA, WAEA, and SAEA, and has reviewed articles and books for the AJAE. In 1980, he received a research fellowship from the General Accounting Office.



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